



# Department of Justice

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## **FORMER UCAR EXECUTIVE AGREES TO JAIL TERM FOR PART IN INTERNATIONAL PRICE-FIXING CONSPIRACY**

### **Almost \$300 Million in Criminal Fines Obtained in Graphite Electrodes Investigation, To Date**

WASHINGTON, D.C.-- A former executive of UCAR International Inc.-- the world's largest producer of graphite electrodes -- today agreed to plead guilty, serve a nine-month jail term and pay a \$1 million criminal fine for fixing the price and allocating the volume of graphite electrodes sold in the United States and elsewhere, the Department of Justice announced.

Thus far, the Justice Department has brought five cases and obtained almost \$300 million in criminal fines as a result of an ongoing antitrust investigation in the graphite electrodes industry.

The criminal case, filed today in U.S. District Court in Philadelphia, charges that Robert J. Hart, former Senior Vice President and Chief Operating Officer of UCAR, participated in a conspiracy to suppress and eliminate competition in the graphite electrodes industry in the U.S. and elsewhere from July 1992 until June 1997. As a result, steel makers paid noncompetitive and higher prices for graphite electrodes used in manufacturing steel products that are integral to a variety of business and consumer items.

"Imposition of this jail term and fine will send a strong message to other executives that participation in cartels which prey on U.S. businesses and consumers will not be tolerated and

will result in severe penalties,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division.

Graphite electrodes are large columns used in electric arc furnaces in steel-making “mini-mills.” This method of making steel is the fastest growing in the U.S., and now accounts for 50 percent of the steel manufactured in this country. The electrodes generate the intense heat necessary to melt scrap and further refine steel. Total sales of graphite electrodes in the U.S. were more than \$1.7 billion during the term of the charged conspiracy.

Hart has also agreed to cooperate in the Department’s ongoing investigation into cartel activity in the graphite electrodes industry. At sentencing, the court will determine whether to accept the plea agreement and impose the agreed-upon sentence.

UCAR International; SGL Carbon AG, a German corporation, and its Chief Executive Officer, Robert J. Koehler; Showa Denko Carbon Inc., a U.S. subsidiary of a Japanese firm; and Tokai Carbon Co. Ltd., a Japanese corporation, have previously pleaded guilty to participating in the graphite electrodes conspiracy. The companies were sentenced to pay the following fines: UCAR, \$110 million; SGL, \$135 million; Showa Denko, \$32.5 million; and Tokai Carbon, \$6 million. Koehler was sentenced to pay a fine of \$10 million -- the largest antitrust fine ever imposed on an individual. The Carbide/Graphite Group of Pittsburgh, another producer of graphite electrodes, previously announced that it has been accepted into the Antitrust Division’s Corporate Leniency Program. Carbide/Graphite, SGL, Showa Denko, UCAR, and Tokai Carbon have all agreed to cooperate in the Department’s ongoing investigation.

Hart is charged with violating Section One of the Sherman Act, which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The fine may be

increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

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